

Message Text

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PAGE 01 TEL AV 03448 161434Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04
NSAE-00 SIL-01 /030 W
-----170101Z 019462 /55
R 161405Z MAY 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 6171

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E.O. 11652: N/A
TAGS: ELAB, ECON, PINT, IS
SUBJECT: HISTADRUT AND MANUFACTURERS SIGN WAGE INCREASE AGREEMENT
JUST BEFORE ELECTION

1. ACTING PRIME MINISTER SHIMON PERES, AT THE URGING OF HISTADRUT SECRETARY GENERAL MESHEL, CONVENED ON THE EVENING OF MAY 14 A MEETING BETWEEN MESHEL AND THE TREDE UNION DEPARTMENT CAHIRMAN ABRAMOVITZ ON THE LABOR SIDE AND AVRAHAM SHAVIT, CHAIRMAN OF THE MANUFACTURERS' ASSOCIATION, AND HIS DEPUTY DOV LAUTMAN ON THE EMPLOYERS' SIDE. PERES HIMSELF PRESIDED OVER THE MEETING. BOTH SIDES AFTERWARDS ANNOUNCED THAT PRIVATE INDUSTRY HAD AGREED TO INCREASE WAGES BY 4.75 PERCENT, THE SAME AMOUNT AS ALREADY GRANTED BY HISTADRUT ENTERPIRSES AND GOVERNMENT INDUSTRIES.

2. FOLLOWING THE ANNOUNCEMENT, THE MANUFACTURERS' ASSOCIATION TRIED TO BACKTRACK WOMEWHAT BY DECLARING THAT THE EFFECTIVE DATE OF THE NEW INCREASE WOULD BE JANUARY 1, 1978. MESHEL DECLARED THAT HE UNDERSTOOD THAT THE AGREEMENT WAS RETROACTIVE TO JANUARY 1, 1977. THE RESOLUTION OF THIS ARGUMENT IS NOW UP TO PERES, WHO IS LIKELY TO SET AN EFFECTIVE DATE FOR APRIL OR MAY.

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3. SUCH AN UNUSUAL SESSION TO NEGOTIATE A SUPPLEMENTARY WAGE AGREEMENT UNDER THE CHAIRMANSHIP OF THE ACTING PRIME MINISTER JUST THREE DAYS BEFORE THE ELECTION WAS CLEARLY AN IMPORTANT ELECTION PLOY, WITH THE EMPLOYERS APPARENTLY RESIGNED TO THE INEVITABLE. IT IS STILL A MYSTERY WHY THE EMPLOYERS, WHO ARE GENERALLY

NOT SYMPATHETIC TO THE ALIGNMENT'S ECONOMIC
POLICY, SHOULD HAVE COOPERATED IN THE TIMING. PERES'
ROLE INDICATES NOT ONLY THAT HE COULD SWAY THE RECALCITRANT
EMPLOYERS, BUT THAT, IF ELECTED PRIME MINISTER,
HE WOULD TAKE A PERSONAL AND HIGHLY ACTIVE ROLE IN
LABOR RELATIONS AND SOCIAL POLICY. THERE ARE A GROWING
NUMBER OF NEWSPAPER REPORTS AS WELL AS RUMORS EMANATING
FROM THE HISTADRUT THAT MESHEL, WHO ONCE WAS A STRONG
OPPONENT OF PERES, IS NOW MOVING INTO THE PRO-PERES
CAMP IN THE LABOR PARTY, WITH A GIMLET EYE TO THE
HISTADRUT ELECTION CAMPAIGN IN JUNE.
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Message Attributes

Automatic Decaptioning: X
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Sent Date: 16-May-1977 12:00:00 am
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Disposition Approved on Date:
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